REMARKS

I. INFORMATION REQUEST

The current information request asks whether *the inventors* knew of the SEC reference or the LIMITrader system, and whether they used any other relevant prior art in making their invention.

The only inventor of the '535 application with whom assignee Stonefish LLC has had any contact whatsoever is Richard A. Holway, and that contact has been very minimal. Nonetheless, the manager of Stonefish, D. Jarrett Collins, made several attempts to contact Mr. Holway concerning the Information Request, and finally reached him. Mr. Holway had no prior knowledge of the SEC document or the LIMITrader system, and also had no knowledge of relevant prior art besides that previously disclosed in the application specification and the Information Disclosure Statements.

Stonefish does not have current contact information for the other inventors, and cannot readily obtain such information. However, Stonefish has no information or knowledge to suggest that any of the other inventors knew of the SEC document or the LIMITrader system before making the invention, or that any of the other inventors had knowledge of relevant prior art besides that previously disclosed in the application specification and the Information Disclosure Statements.

Importantly, Mr. Holway was the sole inventor for U.S. Appls. # 09/569,135 and # 60/133,655, from which the present application claims priority. If there were prior knowledge of the SEC reference or the LIMITrader system among the inventors, or if the inventors used other relevant prior art in making the invention, Mr. Holway himself would have likely known about it.

The declarations of Mr. Holway and Mr. Collins are attached to this response, and substantiate the above.

II. INDEPENDENT CLAIMS 1, 18, 35, 51, 78, 94, 121, AND 137 - 103 REJECTION – SEC REFERENCE

A. Improper Motivation for Modifying the SEC reference to Switch from Individual Dial-Up Input to an OMS.

The Office Action supports its proposed modification of the SEC reference by citing the Applicant's own specification:

"However Applicant notes in his own specification that these types of systems were known in the art at the time of the invention…" (see Office Action, page 3). The Office Action goes on to cite the passage in Applicant's specification wherein Applicant states that buy side order management systems are available, and that the invention can be directly integrated with those order management systems.

This is improper. An applicant's specification cannot be used to support a proposed modification; to do so is impermissible hindsight. *Orthopedic Equipment v. United States*, 217 U.S.P.Q. 193, 199 (C.A.F.C. 1983) forcefully stated that the motivation to modify a reference cannot come from the application itself:

> "It is wrong to use the patent in suit (here the patent application) as a guide through the maze of prior art references, combining the right references in the right way to achieve the result of the claims in suit (here the claims pending). Monday morning quarterbacking is quite improper when resolving the question of nonobviousness in a court of law (here the PTO)."

This was also clearly stated in *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 5 U.S.P.Q. 2d 1434 (C.A.F.C. 1988):

> "Where prior-art references require selective combination by the court to render obvious a subsequent invention, there must be some reason for the combination other than the hindsight gleaned from the invention itself. … Something in the prior art must suggest the desirability and thus the obviousness of making the combination."

Further, MPEP 2143.01 states:

> "In determining the propriety of the Patent Office case for obviousness in the first instance, it is necessary to ascertain whether or not the reference teachings would appear to be sufficient for one of ordinary skill in the relevant art having the reference before him to make the proposed substitution, combination, or other modification." *In re Linter*, 458 F.2d 1013, 1016, 173 USPQ 560, 562 (CCPA 1972).

> "The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of making the combination. *In re Mills*, 916 F. 2d 680, 16 USPQ 2d 1430 (Fed. Cir. 1990)".

The examiner posited during the interview that motivation could be obtained from an applicant's specification if the specification expressly conceded that the proposed modification was known in the prior art. However, that is not the case here. Applicant's specification merely mentions (in the Detailed Description of the Invention, not in the Background of the Invention) that order management systems are available, and lists a few of those systems. It does not in any way state that receiving indications of interest into the invention's central system via an integrated order management system is shown in the prior art. *That is positioned as the Applicant's teaching, not that of the prior art.* Thus, obtaining motivation for such a modification from the Applicant's specification is improper.

B.   ***Even If There Were* Proper Motivation for Modifying the SEC reference to Switch from Individual Dial-Up Input to an OMS, Such a Modification Would Not Be Obvious, Because It Would Alter the SEC Reference's Operating Principles.**

MPEP 2143.01 states: 'If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims prima facie obvious. *In re Ratti*, 270 F. 2d 810, 123 USPQ 349 (CCPA 1959)".

In a general sense, the method that users employ to interact with a system – i.e., the method of input – is clearly a basic operating principle of the system. And here, input through individual dial-up connections is a basic operating principle of the LIMITrader system, emphasized time and again in the SEC reference. Just a few examples follow:

- 'LIMITrader is a dial-up system. At any time, 24 hours a day, a participant may call up LIMITrader on his existing personal computer using an error checking system and standard telephone circuits." See Page 5, Section D; Page 9 at *26.

- 'LIMITrader functions through the existing public switch-telecommunications network" See Page 5, Section D.

- 'Once a participant has logged in, using three separate identification co des and a personal password..." See Page 10 at *30.

- 'LIMITrader will d ial-up the participant that entered the existing orders." See Page 3 at *8.

Indeed, the LIMITrader system is positioned as advantageous because it is a simple dial-up system that operates on standard telephone circuits, through the existing publicly-available telecom network. Switching the system to an integrated OMS for input purposes would negate these advantages and would instead require the complex integration of secure, private telecom circuits.

C. Switching the SEC Reference from Individual Dial-Up Input to an Integrated OMS Would Defeat The Functionality of Its Individualized Features.

Key portions of the LIMITrader system demand individual interaction with the system – the sort of interaction that is readily available with individuals dialing into the system via their PC, but not via an integrated OMS.

For example, the LIMITrader system offers individual users non-automated assistance, such as advice on a bid or offer, assistance with a computer or communications problem, and market information (see SEC reference, page 9 at n2; page 5 at n10). This can be easily done when individuals dial into the system via their PCs, but not via an integrated OMS which makes use of only the data available in the OMS.

The diagram below illustrates this point, and the attached declaration of Steven Levy, an expert in order management systems, substantiates it. Mr. Levy's biography is also attached for reference.

Individual Dial-Up

Individualized Features, Such As Non-Automated Advice on a Bid or Offer, Assistance With a Computer or Communications Problem, and Market Information

Central System

Multiple Users

OMS
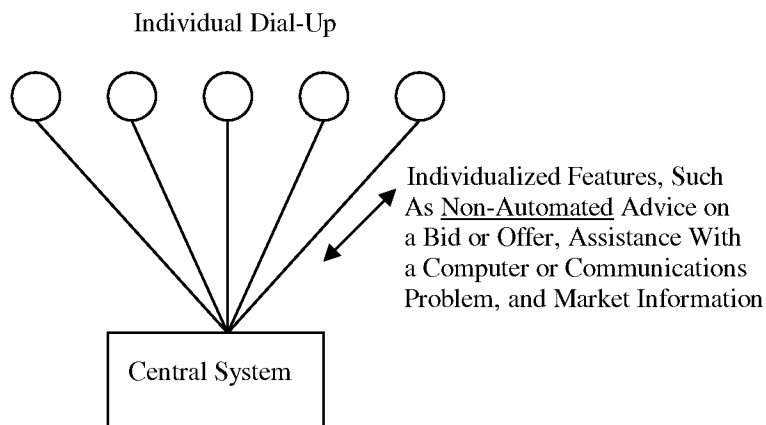
Central System

SEC Reference: Users dial into the system via their PCs, and can receive individualized, non-automated advice on many important topics.
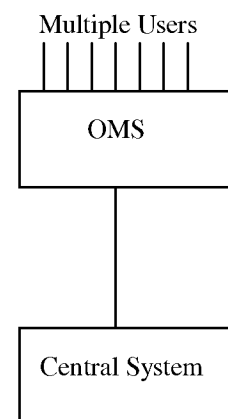
SEC Reference With Proposed Integrated OMS: The OMS **blocks** individual interaction with the central system, thus disabling advantageous features.

Modifying the SEC reference to receive indications of interest or prospective transaction entries via an integrated OMS would disable these individualized features – which are important, advantageous parts of the LIMITrader system. Thus, such a modification would not be obvious:

> A modification which renders the prior art unsatisfactory is not obvious, as stated in MPEP 2143.01: "If [the] proposed modification would render the prio r art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984)".

In addition to disabling the use of LIMITrader's individualized features, the proposed modification would also negate the advantages, discussed earlier, of a simple dial-up system that operates on standard telephone circuits, through the existing publicly-available telecom network. These simplicity advantages, which allow a great number of users to connect with and use the system easily, without having to have complex software, are clearly an intended purpose of the LIMITrader system, and indeed they are touted in the SEC reference.

In the interview, the examiner posited that losing advantageous features would not necessarily make a proposed modification non-obvious. However, having to weigh the loss of advantageous features against any advantage of a proposed modification *is the essence of nonobviousness.* Said another way, an obvious modification is a "no -brainer" that doesn't entail the loss of advantageous features, the weighing of pros and cons, or the advantages of gaining one feature versus losing others. In sum, the proposed modification is clearly not a no-brainer, and is not obvious because it involves significant loss of advantageous features.

III. INDEPENDENT CLAIMS 52, 62, 105, 115, 148, AND 158 – 103 REJECTION – SEC REFERENCE

A. Claimed Features Lacking – Message Sending Component.

The Office Action (page 13) states that the SEC reference meets the message sending component/step defined in these claims. As support, the Office Action cites page 3 of the reference, which states 'LIMITrader dials two calls at a time beginning with the longest standing orders first."

This is incorrect. The SEC reference lacks key elements defined in these claims. First, it does not send a match notification message to both contraparties, as clearly defined in the claim language "generating a prospective transaction message including the transaction indication corresponding to each of the matching entries, and further providing the prospective transaction message to the user locations associated with said corresponding user identities."

Instead, LIMITrader only sends a message to the party with an existing order that is contra to a just-submitted order: 'LIMITrader will dial-up the participant that entered the existing orders." (see SEC reference, page 3 at *8). LIMITrader does not notify the party with the just-submitted order, but rather relies on the existing-order party to respond to the notification message and contact the other party to begin the negotiation process. Indeed, after notifying the existing-order party only, the LIMITrader system has nothing further to do with the parties unless a trade results: "The Company is not involved in such negotiation and is not aware that a negotiation is occurring or has occurred unless a trade results." (see SEC reference, page 3 at *8).

Put another way, the 'LIMITrader dials two calls at a time" language *refers not to dialing the contraparties, but rather to dialing two existing-order parties that are each contra to the party with the just-submitted order.* Whoever responds first by contacting the party with the just-submitted order can begin a negotiation.

In the interview, the Examiner posited that the party with the just-submitted order was already 'on-line" with the system. However, even if this were true, the party with the just-submitted order still must be notified of a match by the system in order to meet the claim – and this simply does not happen with LIMITrader. As the SEC reference clearly states, in LIMITrader the existing-order party, not the system, contacts the party with the just-submitted order: "The first participant so notified that responds to the incoming order may begin an automated negotiation process. The Company is not involved in such negotiation and is not aware that a negotiation is occurring or has occurred unless a trade results." (See SEC reference, page 3 at *8.) And it cannot be said that the existing-order party acts as a proxy for the system in notifying the party with the just-submitted order of a match, because the existing-order party only contacts the party with the just-submitted order if it wants to. Said another way, the existing-order party decides whether to contact – *not the system.*

Moreover, the SEC reference makes no mention of what its notification message contains (i.e., its *content*), and thus does not meet the part of these claims wherein the notification message is defined as "including the transaction message corresponding to each of the matching entries."

Further, modifying the SEC reference to meet these key claim aspects would not be obvious, because it would entail a wholesale change in the way the LIMITrader system operates. Such a change would clearly alter LIMITrader's operating principles, and would thus not be obvious under MPEP 2143.01 and *In re Ratti.*

B. Claimed Features Lacking – Data Security Component.

The Office Action (pages 13-14) states that the SEC reference meets the data security component defined in these claims. As support, the Office Action cites page 9 of the reference, which states only that 'The company has in place security procedures reasonably designed to (i) prevent unauthorized access to LIMITrader, both by employees of the Company or the clearing broker, by participants in the system and

by persons not affiliated with the Company, the clearing broker or the system, and (ii) to safeguard the system against threats to the proper functioning of the system."

This is incorrect. The claims define a very detailed, specific data security component, whereas the SEC reference merely outlines a very general security objective. In fact, the "one -sided notification" that LIMITrader uses has significant negative implications for data security and confidentiality. After receiving the information that a match to his order exists, an existing-order party can opt not to respond and not negotiate (see SEC ref. page 3: 'If the holder of an existing order does not wish to negotiate, no action is required.'). The existing -order party – and any other existing-order party notified by LIMITrader – thus gets valuable information that someone is selling what he's buying, or vice -versa, without the contraparty ever knowing anything.

In sum, the LIMITrader system does not provide the total confidentiality that is a key objective of Applicant's invention. The LimiTrader system does not prevent market/price movements that result from knowledge getting out that a commodity is even being offered for sale or purchase, because existing-order parties get knowledge of a match whereas the party with the just-submitted order may not.

IV. **DEPENDENT CLAIMS**

Finally, because independent claims 1, 18, 35, 51, 52, 62, 78, 94, 105, 115, 121, 137, 148, and 158 define patentably over the prior art, their respective dependent claims 2-17, 19-34, 36-50, 68-77, 53-61, 63-67, 79-93, 95-104, 106-114, 116-120, 122-136, 138-147, 149-157, and 159-163 also define patentably for the same reasons.

V. **INVENTOR INTERVIEW SUMMARY**

Pursuant to MPEP § 2281, Applicant states that the July 10, 2007 Examiner Interview included discussion of all the independent claims and the above arguments. Examiner agreed to reconsider the Office Action rejections upon submission of a formal response containing the arguments.

CONCLUSION

For all of the above reasons, Applicant requests reconsideration of the obviousness rejections. Applicant submits that the claims all define patentably over the prior art. Therefore Applicant

submits that this application is now in condition for allowance, which action it respectfully solicits.

Respectfully,

/John A. Galbreath/
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Certificate of Electronic Transmission: I certify that on the date below, this document and referenced attachments, if any, was submitted electronically to the U.S. Patent Office via its online filing system.

24 July 2007   /John A. Galbreath/

APPENDIX

1)   **Declaration of Richard A. Holway**

2)   **Declaration of D. Jarrett Collins**

3)   **Declaration of Steven Levy**

4)   **Biography for Steven Levy**